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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/043,984	01/09/2002	Michael D. Brown	057799-2006 (157450-0011)	8464
7590 Bernard L. Kleinke Foley & Lardner 23rd Floor 402 West Broadway San Diego, CA 92101-3542			EXAMINER MALHOTRA, SANJEEV	
			ART UNIT 3693	PAPER NUMBER
SHORTENED STATUTORY PERIOD OF RESPONSE		MAIL DATE	DELIVERY MODE	
3 MONTHS		03/13/2007	PAPER	

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary	Application No.	Applicant(s)	
	10/043,984	BROWN ET AL.	
	Examiner	Art Unit	
	Sanjeev Malhotra	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 09 January 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-13 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-13 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 05-20-2002 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

This is the first Office Action in response to the application filed on January 9, 2002 and titled: "Wealth Transfer Plan Using In Kind Loan Repayment With Term Insurance Protection For Return Of Note".

Drawings Objections

The Drawings (Figure 1 to Figure 3 on three sheets) submitted by the Applicant were initially filed on January 9, 2002, and re-filed on May 20, 2002. The Examiner notes that the aforesaid three Drawings filed in May 2002 by the Applicant are not labeled as "Replacement Sheet" pursuant to 37 CFR 1.121(d). Further, the Examiner notes that the aforesaid set of May 2002 filed Drawings is different from the set of Drawings filed as the January 2002 Drawings in that the May 2002 Drawings have better margins and are more centered in their placement within the sheet/page.

The reference to "split-dollar agreement 21" in 3rd line of paragraph [0014] of the Specification is Not supported in the three Drawings submitted by the Applicant. The Drawings are objected to as failing to comply with 37 CFR 1.84(p)(4) because reference characters "17" and "21" have both been used to designate "split-dollar agreement". Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version

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of the sheet, even if only one figure is being amended. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d).

The reference to "loan" in Figure 2, box 27 is Not supported by the claims of this invention, because the claims do not have any proper reference to a "loan" (please see details in Claim Rejections under Section 112, Second paragraph).

The Examiner also notes that all the submitted Drawings (#1, #2 and #3) are hand-sketches; are not professional Drawings; and have cursive hand-written notes. However, per MPEP §608.01, the Specification text, including text in Drawings, is required to be either typewritten or machine printed in a non-script type font.

The aforesaid three Drawings submitted by the Applicant are Not acceptable, as they are also Not in compliance with the following titled paragraphs of 37 CFR 1.84:

(l) Characters of Lines, Numbers & Letters --- as required per the statute, "Every line, number and letter must be durable, clean, and uniformly thick and well-defined.", and this section requirement applies to all hand-sketched Drawings submitted by the Applicant.

(p) Numbers, Letters and Reference Characters --- as required per the statute, 1.84 (p)(1) specifically states, "Reference characters (numerals are preferred), sheet numbers, and view numbers must be plain and legible, and must not be used in association with brackets or inverted commas, or enclosed within outlines, e.g., encircled.", for example, but not limited to, all references (circled A to P) in Drawing #3 are enclosed within outlines, i.e., encircled. Also, 1.84 (p)(1) states, "Reference

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characters should be arranged to follow the profile of the object depicted.", for example, but not limited to, in Drawing #3, higher-numbered reference characters 18 and 18a precede many other lower-numbered reference characters 10, 10a, 12, 12a, 14, 14a, 16 and 16a. Further, 1.84 (p)(3) states that "Numbers, letters and reference characters must measure at least 0.32 cm (1/8 inch) in height.", and so on (please note that upon measuring, the size of letters in Figures 2 and 3 is less than one-eighth of an inch) --- Applicant is advised to check all sub-paragraphs of 37 CFR 1.84 (p), especially the ones indicated above, and ensure that after any corrections that may be made by the Applicant, the Drawings should also comply with the sub-paragraph (5).

(t) Numbering of Sheets of Drawings --- as required as per the statute, "The number of each sheet should be shown by two Arabic numerals placed on either side of an oblique line, with the first being the sheet number and the second one being the total number of sheets of drawings, with no other marking."

Appropriate correction is required per 37 CFR 1.85.

New corrected drawings in compliance with 37 CFR 1.121(d) are required in this application because of the deficiencies noted above in this Office Action. Applicant is advised to employ the services of a competent patent draftsman outside the Office, as the U.S. Patent and Trademark Office no longer prepares new drawings. The corrected drawings are required in reply to the Office action to avoid the abandonment of this application. The requirement for corrected drawings will not be held in abeyance.

Specification Objections

Examiner has reviewed the 7-page Specification dated January 9, 2002 submitted by the Applicant. The Specification is objected to because of the following erroneous informalities, and this is not an exhaustive list of errors:

The reference to "split-dollar agreement 21" in 3rd line of paragraph [0014] of the Specification is Not supported in the three Drawings submitted by the Applicant. The current Specification is objected to and it needs to be corrected, because reference characters "17" and "21" have both been used to designate "split-dollar agreement".

The reference to "trust" is unclear about how this invention's process and/or method of '*actual wealth transfer*' between a '*transferor*' and a '*transferee*' is consummated in this transaction (i.e., transfer of wealth), given that the Applicant has described within the Specification the "transferor" (or giver of wealth) to be "a trust" as recited in paragraph [0011], while the Applicant again describes the "transferee" (or receiver of wealth) to be "a trust" as recited in paragraph [0012]; thereby making both the entities ('transferor' and 'transferee' of wealth) to be the same embodiment, i.e., "a trust". Further, it is even more confusing from review of Applicant's submitted Figure 1 that shows a 2-way transfer of wealth between the "transferor" and the "trust" --- presumably the "transferee" (obviously, it can Not be the "transferor" again)--- and it is Not supported by step (a) of independent Claims 1, 6, 11, & 12.

Appropriate corrections are required. Applicant's cooperation is requested in correcting any errors of which the Applicant may become aware in the Specification.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-13 are rejected under 35 USC 101 because the claimed invention is directed to non-statutory subject matter.

The disclosed invention lacks utility, because an ordinary person skilled in the art can Not practice this invention as claimed and disclosed herein, since this invention has disclosed the only way to determine the "economic benefit" in its Specification is by using IRS Table PS 58 (please see paragraphs [0023] and [0028] for the only five citations of "economic benefit" as described above).

Claim 1 recites a "method (plan) of transferring wealth". The claimed invention is directed to non-statutory subject matter, because the claimed invention recites details of a 'wealth transfer plan', or "... transferring wealth in an effective manner while reducing the tax consequences of the transaction" (per paragraph [0001] of the Specification), without the ability to produce a "useful, concrete and tangible result" that can be repeated by a person skilled in the art based on the claims in this application, because the 'wealth transfer plan' can Not be implemented by a person skilled in the art as recited in claims due to the said person's inability to use the IRS Table PS 58 for "valuing" and for "tax reduction", since the use of Table PS 58 had been revoked by IRS a year earlier in January 2001, and it has become obsolete ---per IRS "Notice 2002-8"--- after

January 1, 2004, because December 31, 2003 was the expiration date set by IRS for previously set-up 'grandfathered' split-dollar life insurance plans.

That the Examiner notes that the Applicant has admitted to being aware and has in its possession the knowledge of the revoked status of the IRS Table PS 58, per the Applicant's own submitted IDS form, filed on November 22, 2002, in which one of the five NPL documents is the 3-page IRS "Notice 2002-8", titled "Split-Dollar Life insurance Arrangements", which clearly states in the beginning paragraph on its page 398, first column that the aforesaid IRS Notice #2002-8 "Revokes Notice 2001-10", and that Notice #2001-10 referred to the "valuing" of "current life insurance protection" being "provided by split-dollar life insurance arrangements" as well as "the Federal tax treatment of split-dollar life insurance arrangements". Also, per the claims of this invention as to the utility of this claimed invention in: "reducing the tax consequences of the transaction" was also revoked by the IRS per its Notice #2001-10. Thus, this claimed invention is reciting a method that lacks utility in this application, since in its claims, it recites the use of an already revoked use of a "valuing" method per "IRS Table PS 58" after a year it had been revoked by the IRS, and its utility in reducing the tax consequences has also been revoked by the IRS at the same time; and hence, the claimed "new invention" for a patent herein lacks the utility to produce a "useful, concrete and tangible result" as recited in the claims of this application.

Claim 1, when viewed as a whole, recites steps in a "method (plan) of transferring wealth" that lacks utility, and is thus inadequate, to produce the

repeatable results by a person skilled in the art as described above. Further, the Examiner notes that the Applicant's invention does not have a new or novel process or method since the "Split- Dollar Agreement" referenced by the applicant in its Specification and Figures 1 and 2, has been around since the 1950s, if not earlier, as the IRS "Rev. Rul. 55-747" refers to a "Revenue Ruling from 1955, numbered 747", and hence the Examiner fails to see what the Applicant has described as its claims or the field of invention in paragraph [0001] is "new or novel" in year 2002, when it has existed for about half a century (fifty years) or longer.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1-13 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement for enablement of this invention.

The Claims in this 'new' invention contain subject matter, as described and explained in sections above and below, which was not described in the Specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the utility of the claimed invention.

Another example, but not limited to, refers to the purchase of an "insurance policy" at some cost in step (b) of independent Claims 1,6 & 11 and in step (c) of independent Claim 12, when the Applicant has Not defined what type of "insurance¹ policy" is being purchased (for example, life, health, automobile, mortgage, etc.) in these claims, and even within the category of life insurance (the category to which this invention seems to be directed to per the Examiner's reading of this invention, though it can easily apply also to mortgage insurance), the claim does Not state on whose life or lives is this "insurance policy" for; and the Examiner notes that there are many kinds of life insurance policies, such as term life, whole life, variable life, universal life, ordinary life, adjustable life, etc.

In addition to the basis of rejections described in sections above, the Examiner notes that the claims in this application have Not described as to how the value of a note is determined in Claim 1, step (a), which could be below the less than, equal to, or greater than the face value of the purchase of a presumed life "insurance policy" of some kind in Claim 1, step (b). The "valuing" of an "economic benefit" as described in Claim 1, step (c) lacks utility as described above, and it is Neither related to the value of the "note" to enable the "wealth transfer plan" to take place Nor is it related to the face value of "insurance policy" for the term portion.

¹ INSURANCE is defined in the "Dictionary of Insurance Terms", 4th Edition, published by Barron's Business Guide, page 244, as the *"mechanism for contractually shifting burdens of a number of 'Pure Risks' by pooling them."* Further, the same Dictionary defines 'Pure Risk' on page 411 as a *"situation involving a chance of a loss or no loss, but no chance of gain. For example, either one's home burns or it does not; this risk is insurable."*

Further, the Examiner has searched for "IRS Table PS 58" on the IRS web site, but has been unsuccessful in finding it. However, this search led the Examiner to IRS Notice 2001-10, which was published as part of "Internal Revenue bulletin", "Bulletin No. 2001-5", published on January 29, 2001, on pages 459 to 464 (copy attached herewith as ready reference), wherein it clearly states on page 462, in the middle column, under sub-section "B. Revised Standards for Valuing Current Life Insurance Protection", which is part of section "IV. INTERIM GUIDANCE" that started on page 461, middle column, the IRS has clearly stated on page 462 under sub-section B.: *"1. Rev. Rule. 55-747 is hereby revoked, and the IRS will no longer treat or accept the P.S. 58 rates set forth therein as a proper measure of the value of current life insurance protection for Federal tax purposes. Nonetheless, for taxable years ending on or before December 31, 2001, taxpayers may continue to use the P.S. 58 rates set forth in Rev. Rul. 55-747 for purposes of determining the value of current life insurance protection provided to an employee under a split-dollar arrangement or a qualified retirement plan."* The Examiner notes that the Applicant has Not described its claimed invention as a 'new method' or 'new process' since the very foundation of this Applicant's invention is based on the "said valuing" ---recited in all four independent claims--- to be "performed according to IRS Table PS58" ---recited in three dependent claims--- and that this very "valuing" foundation of this application was not valid and lacked utility for a person in the art to practice it on the very day that this Applicant filed its claimed invention to the US PTO on

January 9, 2002, and that a person skilled in the art would not be able to produce repeated concrete results of the claimed invention due to the inability to use IRS Table PS 58 anymore, since the Applicant has claimed in paragraph [0001] of its Specification that the "present invention relates" to "..... reducing the tax consequences of the transaction", and the IRS in its Notice 2001-10, on page 462, has clearly stated that the use of Table P.S. 58 is only limited upto tax years ending on or before December 31, 2001. IRS states further in the middle column of page 462, subsection B.: "2. With the revocation of Rev. Rul. 55-747, the rates set forth in Table 2001 (Ed.---shown on pages 463 & 464) are provided as an interim substitute for the P.S. 58 rates that taxpayers may rely upon", and it continues on to clarify that "The premium rates set forth in Table 2001 are materially lower than the P.S. 58 rates at all ages.", and the Examiner notes that rates in Table P.S. 58 could change or vary from year to year, given the above explanation and by IRS on page 460, third column, under sub-section "B. Value of Current life Insurance Protection" that "The P.S. 58 rates set forth in Rev. Rul. 55-747, which are based on mortality tables originally published in 1946, no longer bear an appropriate relationship to the fair market value of current life insurance protection." IRS further states on page 461, first column under the same section about economic benefits being "understated" by the use of "P.S. 58 rates" and the IRS clearly states that "No published guidance has authorized reliance on the P.S. 58 rates for this purpose.", thereby causing the Examiner to reject all claims referencing the term "economic benefit(s)".

The Examiner also notes that based on the searches done by the Examiner, all the previous rulings mentioned in Notice 2001-10 with reference to Table P.S. 58 were Not found on the IRS web site anymore since they have been revoked and are No longer listed by the IRS as something that is legal and valid currently; for example, but not limited to, for Rev. Rul. 55-747 --- see the attached Revenue Rulings Archive – 1955 which does not show Rev. Rul. 55-747, but ends at Rev. Rul. 55-716 (2nd page). Similarly, the Examiner has attached the Revenue Rulings archives from 1964 (showing the missing Rev. Rul. 64-328 on 2nd page), from 1966 (showing the missing Rev. Rul. 66-110 on 2nd page), from 1967 (showing the missing Rev. Rul. 67-154 on 2nd page), from 1978 (showing the missing Rev. Rul. 78-420 on 5th page), from 1979 (showing the missing Rev. Rul. 79-50 on 1st page). Hence, all these search attachments from the IRS web site show that all the rulings of IRS making reference to Table PS 58 had been revoked by the IRS as per its Notice 2001-10 published on January 29, 2001 and that Table PS 58 is No longer a legal and valid means to perform any “valuing” as claimed by this invention/ applicant Nor does it allow any “tax reduction” as claimed in this application.

Also, the claimed invention does Not describe specific means or resources for the “causing” process recited in steps (a), (b) and (d) of three independent Claims 1, 6, & 11, and their dependent claims. For example, but not limited to, step (a) of Claim 1 recites “causing a transferor to obtain a debt of a transferee, thereby acquiring a note from said transferee,” without stating what means or

resources are being used for the action of "causing" the transfer, Nor does it describe how the amounts of "debt" and "note" are determined. The broadest interpretation of this recited step is: (i) that the action of "causing" the transfer is being performed in a vacuum without any basis for determining the amount of debt or note, and (ii) that it is performed by any procedure deemed suitable by any person; and this analysis also applies to rejection of independent Claims 6 & 11. Similar comments also apply to the other "causing" process steps (b) and (d) for the rejection of three independent Claims 1, 6, & 11, and how to determine the face amount of "an insurance policy" to be purchased by the transferee. The Examiner also notes that the last "causing" recited in Claim 1, step (d), wherein the "said period" has been defined as "sufficiently large" is Not an actual "specific" time period and similarly, the phrase "sufficient economic benefit" is Not actually "specific" and thus, such ambiguous language makes this independent claim and its dependent claims Not "useful, concrete and tangible"; and how a determination is made of the amounts/values of the terms "sufficiently large" period and "sufficient economic benefit" in this step (d). Similar analysis applies to the rejection of independent Claims 6, 11 & 12, and their dependent claims.

Further, the "valuing" of step (c) in Claim 1 (and independent Claims 6, 11, & 12) and their dependent claims are vague and indefinite when they recite the use of "IRS Table PS 58" (in Claims 2, 7, & 13) ---use of which had been revoked about a year before in January 2001--- and this table is subject to change every year due to revisions for "valuing" based on mortality tables; thus, the claimed

"new invention" does Not produce consistently repeatable or concrete result(s). Also, as part of "valuing" the "economic benefit" ---as defined by the Applicant in the Specification, in paragraphs [0023] and [0028]--- is according to IRS Table PS58, in all the five (5) instances listed in this Specification. But, as stated above, the use of Table PS 58 for "valuing" was revoked by the IRS, US Department of Treasury in January 2001.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1, 3, 4, 6 and 11 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Independent Claims 1, 6 and 11 recite the limitation "said policy" in line 4 of Claim 1, step (b); in line 5 of Claim 6, step (b); and in line 5 of Claim 11, step (b). There is insufficient antecedent basis for this limitation in the claim. The Examiner notes that a better, and correct, way would be to recite it as "said insurance policy" as has been already done in Claims 3 and 8.

Dependent Claims 3 and 4 recite the limitation "said loan" in line 2 of Claim 3 and line 2 of Claim 4. There is insufficient antecedent basis for this limitation in the claim.

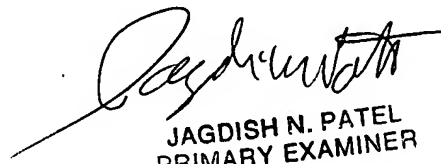
Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sanjeev Malhotra whose telephone number is 571-272-7292. The examiner can normally be reached on Flexible schedule.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James A. Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SM



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